

Condition Number: 2**Condition Name: Discounted Surrogate Line Sharing Charges****Section 1: Summary**

Prior to the adoption of the Bell Atlantic/GTE Merger Order, the FCC adopted an order in the advanced services proceeding, requiring incumbent LECs to provide nondiscriminatory access to the high frequency portion of the local loop. Verizon was in compliance with this line sharing order as of the deadline of June 6, 2000. The provisions of this Condition will apply only if the FCC line sharing rules are overturned on a final and non-appealable judicial decision.

Section 2: Responsible Executive

Name	Title
Kathleen Hishinuma	Senior Vice President – Wholesale Marketing

Section 3: Implementation of Condition**3.1 Compliance**

There was no implementation requirement given effectiveness of the FCC's line sharing rules. In the event the FCC's line sharing rules are overturned through a final and non-appealable judicial decision, Verizon will develop an implementation plan for this Condition.

3.2 Documentation

No documentation of compliance with this Condition is required. Verizon will develop appropriate documentation and internal controls if this Condition becomes operative.

Section 4: Additional Action Taken

None

Condition Number: 3**Condition Name: Loop Conditioning Charges and Cost Studies****Section 1: Summary**

Merger Condition 3 requires Verizon to use UNE costing and pricing methodology to develop and file loop conditioning cost studies and proposed rates in each state that has not started or completed loop conditioning cost proceedings within 180 days after the Merger Close Date ("MCD"). In any state where rates have not been approved by the state commission or are not in effect for the removal of load coils, bridged taps, and/or voice-grade repeaters, Verizon shall make available to Advanced Service providers, rates for these conditioning services that are contained in any effective interconnection agreement (providing the rates are greater than zero). During this interim period unbundled loops of less than 12,000 feet will be conditioned at no charge in order to meet minimum requirements through the removal of load coils, bridged taps, and/or voice grade repeaters. In addition, Verizon is required to obtain the provider's authorization prior to proceeding with any conditioning that would result in charges to the provider.

Commitments for this Condition required in 2000 were met as specified below.

Section 2: Responsible Executive

Name	Title
Kathleen Hishinuma	Senior Vice President – Wholesale Marketing

Section 3: Implementation of Condition**3.1 Compliance**

Conditioning has been made available either through the post merger interconnection contract or if requested through an addendum to an effective interconnection agreement or via tariff. Interim loop conditioning rates have been offered, subject to true-up to all Advanced Service providers in states where rates have not been approved. Prior to June 30, 2000, neither the former Bell Atlantic nor the former GTE charged for conditioning of loops less than 12,000 feet to meet minimum technical requirements. Where rates have not been approved by the state commission or are not in effect for the removal of load coils, bridged taps, and/or voice repeaters, Verizon has made available to Advanced Service providers, pending approval of state-specific rates and subject to true-up, rates for these XDSL conditioning services that are contained in any effective interconnection agreement, to which Verizon is a party, that is identified by the Advanced Services provider in any state, provided the rates in the agreement are greater than zero.

Advanced Services providers in Verizon have access to a mechanized or manual loop pre-qualification capability that allows them to determine if conditioning is required prior to ordering a digital loop. This capability, along with conditioning contract language including terms, conditions and rates, provides the Advanced Services Providers with the flexibility to authorize Verizon, on their Local Service Request (LSR), to perform conditioning if required.

Verizon has billing procedures and the associated internal controls to meet the requirement that eligible loops under 12,000 feet be conditioned, to meet minimum technical requirements, through the removal of load coils, excessive bridged taps, and/or voice grade repeaters at no charge.

Using UNE costing and pricing methodology, Verizon developed and filed loop conditioning costs and proposed rates in each state that had not started or completed loop conditioning cost proceedings by December 22, 2000. Filings were required in fourteen states or service areas: the District of Columbia, Delaware, Idaho, Indiana, Michigan, Missouri, Nevada, Oregon, Pennsylvania for the former GTE, South Carolina, Virginia for both the former Bell Atlantic and the former GTE footprint, Wisconsin, and West Virginia. There were twenty states or service areas which had proceedings in progress within 180 days after Merger Closing Date: Alabama, California, Florida, Hawaii, Illinois, Kentucky, Massachusetts, Maryland, Maine, New Hampshire, North Carolina, Ohio, Rhode Island, Texas, and Vermont, Connecticut, New Jersey, New York, Pennsylvania for the former Bell Atlantic, and Washington.

Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
3	14	Make available to Advanced Services providers, pending state approval of final rates, subject to true up, contractual rates greater than zero for conditioning in any effective interconnection agreement to which BA/GTE ILEC is a party.	7/17/00	6/30/00 and on-going
3	14	Condition UNE loops less than 12,000 ft at no charge.	7/17/00	6/30/00 and on-going
3	14	Obtain provider's authorization to perform, and agreement to pay for, each type of conditioning identified by the Verizon LEC as necessary for a UNE loop ordered by a provider of Advanced Services.	7/17/00	6/30/00 and on-going
3	14, footnote 58	Rates, terms and conditions for loop conditioning disaggregated so that a carrier may select only the conditioning it requires on a loop.	7/17/00	6/30/00

Condition	Paragraph	Milestone	Due Date	Date Completed
3	14	Filed cost studies and proposed rates for xDSL loop conditioning in each state that had not started/completed proceedings, prepared in compliance with state commission's pricing rules for UNEs.	12/27/00	12/22/00
3	14	Implement by state, state agreed-to loop conditioning rates and discontinue interim rates with true up.	varies	on-going

3.2 Methods and Procedures

No new methods and procedures ("M&Ps") were required to stop billing on loops of less than 12,000 feet because Verizon did not have charges for conditioning of loops under 12,000 feet. A new ordering mechanism and billing codes were set up in the former GTE states to charge for allowed conditioning rates (i.e. loops of greater than 12,000 feet) where such charges did not exist before. Former BA/GTE makes available to Advanced Service Providers, pending approval of state-specific rates, rates for these services provided in any effective interconnection agreement (greater than zero), that is identified by the Advanced Services provider in any state. Upon receipt of a state commission order finalizing conditioning rates in any state, a true-up process will be triggered. Existing methods and procedures are in place for Verizon to obtain the provider's authorization to perform, and agreement to pay for, each type of conditioning before proceeding with any conditioning work, because Advanced Services providers authorize such work when they submit their Local Service Request.

No new M&Ps were required for the loop conditioning cost studies. The cost studies were prepared according to approved state and federal UNE pricing methodologies.

Methods and Procedures Table

Condition	Paragraph	Procedure	Date Completed
3	14	Bill Verification Procedures for Loop Conditioning	6/30/00

3.3 Training

Training for Compliance with Merger Condition 3 was made available to all affected Wholesale Segment employees as part of a general merger Conditions training package. In addition, those affected Verizon contract negotiators were advised of the specific requirements for Merger Condition 3. Verizon's wholesale ordering and provisioning centers were advised, as necessary, of the requirement to provide conditioning of loops less than 12,000 feet at no charge.

In any Verizon state where rates have not been approved by the state commissions or are not in effect, Advanced Service Providers can identify loop conditioning rates from

any existing interconnection agreement where a Verizon Incumbent Local Exchange Carrier ("ILEC") is a party, provided the rates are greater than zero.

New training was not required to develop the cost studies needed to support rates for loop conditioning. Merger Condition 3 mandates the use of UNE pricing methodology. Cost personnel used approved state and federal UNE pricing methodologies for the cost studies. Existing billing processes provide reasonable assurance that loops less than 12,000 feet are not assessed conditioning charges to meet minimum technical standards.

3.4 Internal Controls

In addition to the corporate internal control described in the Introduction section of this Report, the following additional controls and tools have been designed and implemented specifically to assess compliance with this Condition:

- Job aids or training of billing and ordering organization, wholesale service contract groups, and account management;
- Pre- and post-production billing testing;
- Product Management director-level monitoring of progress during periodic follow-ups with Director-Costing;
- Maintaining filing documentation to substantiate state filing dates; and
- Project/work plans established.

Existing methods of developing costs and rates were used. The methods for each state's loop conditioning cost study were developed in compliance with the federal and relevant state commissions' requirements. In addition to normal cost review procedures, cost study quality checks were performed on all cost studies.

3.5 Documentation

Condition	Paragraph	Description of Document
3	14	Wholesale Merger Condition Training
3	14	Verizon (former GTE) Model Interconnection Agreement prior to 8/29/00
3	14	Verizon (former Bell Atlantic) Model Interconnection Agreement prior to 8/29/00
3	14	Verizon Model Interconnection Agreement as of 08/29/00
3	14	Verizon Model Agreement Appendix A & B
3	14	Bill Verification Procedures for Loop Conditioning
3	14	State Transmittal Letter and cost studies filed

Section 4: Additional Action Taken:

None

Condition Number: 4**Condition Name: Non-Discriminatory Rollout of xDSL Services****Section 1: Summary**

Condition 4 required Verizon to designate wire centers in all Verizon states as either urban or rural within 90 days of the MCD in consultation with the relevant state commission should the state commission choose to engage in such consultations. After the date that was 180 days after the merger closing date, by the time Verizon has deployed xDSL in at least 20 urban or rural wire centers in a particular state, at least 10 percent of the urban or rural wire centers in which Verizon deploys xDSL in that state must be wire centers from the Low Income Urban Pool or Low Income Rural Pool, respectively. This percentage must be maintained for at least 36 months thereafter.

Commitments for this Condition in 2000 were met as specified below. The initial status report for xDSL deployment was filed 12 calendar days late and there were several exceptions to the initial identification of the wire centers, as described in Section 4: Additional Action Taken.

Section 2: Responsible Executive

Name	Title
Veronica Pellizzi	Group President – Internet & Data Services

Section 3: Implementation of Condition**3.1 Compliance**

Letters were sent to each of the thirty-two state commissions in August and September of 2000 extending an invitation to consult with Verizon on the classification of wire centers as either urban or rural. Seven states, (District of Columbia, Illinois, Indiana, Maine, New Hampshire, Rhode Island and West Virginia), elected to meet with Verizon representatives to consult on the classifications. Initial identification of the low-income urban and rural wire centers was completed by September 28, 2000. See Section 4: Additional Action Taken. As of December 31, 2000, Verizon's xDSL rollout was in compliance with the conditions outlined in Paragraph 15. On January 8, 2001, Verizon filed with the FCC its initial status report for xDSL deployment; this report was filed twelve calendar days later than required in the merger order. See Section 4: Additional Action Taken. On January 31, 2001, Verizon timely filed with the FCC its fourth quarter 2000 status report for xDSL deployment.

Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
4	15.a	Classified Verizon wire centers as either urban or rural.	9/28/00	9/28/00

Condition	Paragraph	Milestone	Due Date	Date Completed
4	15.b	Identified 10% low-income urban areas.	Not specified	9/28/00
4	15.c	Identified 10% low-income rural areas.	Not specified	9/28/00
4	15.b,15.c	Established deployment of 10% for low-income urban and rural areas.	12/27/00	12/27/00
4	15.d	Filed initial status report with FCC.	12/27/00	1/08/01
4	15.d	Filed fourth quarter 2000 status report with FCC.	Not Specified	1/31/01

3.2 Methods and Procedures

Additional specific procedures were not required for this Condition. The standard procedures for infrastructure planning and provisioning were supplemented to monitor and enable xDSL deployment levels to be maintained in accordance with merger requirements.

3.3 Training

The requirements of the Merger Condition have been communicated to the appropriate staff. Specific training on tracking and reviewing the status of the Non-Discriminatory xDSL rollout has been provided. Periodic supplemental training will take place.

Training Table

Condition	Target Audience	Training Content	Date Completed
4	Facility construction planners	Requirement to deploy xDSL in 10% low income urban and rural areas	7/00 and on-going

3.4 Internal Controls

In addition to the corporate internal control environment described in the Introduction section of this report, the following controls and tools have been implemented specifically to assess compliance with this Condition:

- training of "planners" on facility construction plan requirements;
- review of wire center data and deployment plans by the Responsible Executive or her representative on a periodic basis to verify the minimum 10% Low Income xDSL deployment requirements are maintained; and
- authorization of xDSL deployment plans by the Responsible Executive or her representative.

3.5 Documentation

Condition	Paragraph	Description of Document
4	15.a	Letters to state commissions regarding Verizon's proposed classification for the wire centers as either urban or rural
4	15.a	Documentation supporting changes in wire center classification in those states where dialog with state commissions resulted in such changes
4	15.b, 15.c	Spreadsheet with Verizon wire centers classified as either urban or rural, and 10% of wire centers with greatest number of low-income households identified
4	15.d	Initial report describing the status of the xDSL rollout
4	15.d	Fourth quarter 2000 report describing the status of the xDSL rollout

Section 4: Additional Action Taken

Controls were in place for xDSL deployment to provide reasonable assurance that the requirements were satisfied in 2000.

PricewaterhouseCoopers, LLP reviewed Verizon's wire center analysis and determined that 4 wire centers (.08% of total) had been erroneously omitted, and 20 wire centers (.39% of total) had been erroneously included, when the urban/rural classification was initially completed. Verizon has verified that these exceptions did not materially affect the accuracy of deployment reporting to date, and Verizon has corrected its initial wire center analysis based on this review.

The January 8, 2001, initial status report for xDSL deployment was filed twelve calendar days later than required in the Merger Order. The delay was due to Verizon internal administrative error. Internal controls for the quarterly reporting of deployment status were reviewed and enhanced during early January 2001.

Condition Number: 5**Condition Name: Carrier-to-Carrier Performance Plan (Including Performance Measurements)****Section 1: Summary**

Condition 5 required Verizon to implement a "Carrier-to-Carrier Performance Assurance Plan" to enable the FCC, state commissions and CLECs to benchmark Verizon's performance in the specified measurement and sub-measurement categories. The "Carrier-to-Carrier Performance Assurance Plan" provides that Verizon will report on a monthly basis, in each required Verizon state, Verizon's performance in 17 measurement categories (with sub-measurements) that may have a direct affect on Verizon's local competitors and their customers. Beginning early 2001, Verizon will be required to make voluntary performance payments of up to \$1.164 billion over 3 years to the U.S. Treasury based on Verizon's performance in the 17 measurement categories.

Commitments for this Condition were met as specified below. As described in Section 4: Additional Action Taken, issues with particular metrics were communicated to the Common Carrier Bureau each month, as they were detected.

Section 2: Responsible Executive

Name	Title
Virginia Ruesterholz	Senior Vice President – Wholesale Services

Section 3: Implementation of Condition**3.1 Compliance**

Verizon implemented the "Carrier-to-Carrier Performance Assurance Plan" and in conjunction with FCC staff developed the format for the measurement reports. Verizon undertook an extensive review to determine the appropriate systems and methods of collecting, compiling and reporting the required data for each metric in each state. Verizon tested the initial results of the performance metrics prior to finalization of the reporting.

On July 31, 2000, Verizon proposed an additional performance sub-measure to measure Verizon's performance with respect to the provisioning of line sharing, which was accepted by the Common Carrier Bureau on September 19, 2000.

On October 2, 2000, Verizon provided the FCC with two months of performance measurements (July and August 2000 data) for each of the required states in the 17 measurement categories identified in Attachments A-1a and A-1b of the Merger Conditions and noted known data sourcing issues in the transmittal letter. The

performance measurement results were calculated in accordance with the performance measurement business rules specified in Attachments A-2a and A-2b, and the Company has reasonable assurance that performance data were completely and accurately extracted from Verizon's underlying records and systems, except where noted in the transmittal letter to the Common Carrier Bureau. These reports were provided consistent with the format discussed with the Common Carrier Bureau staff on August 17, 2000.

On October 25, 2000, November 24, 2000, December 22, 2000, and January 25, 2001, Verizon provided to the FCC the required monthly performance reports in the FCC's desired format for each month with data sourcing issues known to the Verizon wholesale metrics organization noted in the transmittal letters. While no CLECs requested these reports, Verizon began providing CLEC specific reports on October 25, 2000. Verizon provided reports in Excel format for former Bell Atlantic and on the website for former GTE in October and November. In December and January, both former Bell Atlantic and former GTE were on the website. Verizon implemented the new line sharing measure for October 2000 data in the November 24, 2000, report. The Company has reasonable assurance that performance measurement results were calculated in accordance with the performance measurement business rules as defined in Attachments A-2a and A-2b, and the performance data were completely and accurately extracted from Verizon's underlying records and systems, except where noted in the transmittal letter to the Common Carrier Bureau.

Verizon provided official notice of performance measure implementation to the Secretary of the FCC within ten business days of initial reporting.

On December 19, 2000, Verizon met with the Common Carrier Bureau staff to conduct the first semi-annual review of the performance measurements. At this same meeting, Verizon proposed flow through measures and standards. A letter transmitting the Verizon proposal was sent to the Common Carrier Bureau staff on January 5, 2001.

Verizon posted the necessary performance measurement reports on a single website on December 25, 2000. Although not required, on January 15, 2001, the website was updated to contain all prior month's reports. In addition, Verizon corrected a few omissions of VADI data on the VADI-specific proprietary report posted to the website.

Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
5	Attachment A, 4	Provided Chief of Common Carrier Bureau with notice of any changes to design or calculation of performance measurements adopted by NY and CA PUCs.	07/14/00 until sunset	Presented 12/15/00 NY order to CCB staff at 12/19/00 meeting

Condition	Paragraph	Milestone	Due Date	Date Completed
5	17	Notified the Common Carrier Bureau of any sunset event in any state: 36 months after obligation to make payments under this Plan; §271 authority granted in Bell Atlantic state; effective date of comprehensive performance plan by a state commission (pursuant to footnote 60).	7/14/00 or after	N/A in 2000
5	9	Proposed to the Chief of the Common Carrier Bureau an additional performance measure or submeasurement with respect to line sharing.	07/31/00	7/31/00
5	17	Filed notice with the FCC 10 business days after proposing additional line sharing performance measures.	8/14/00	8/14/00
5	Attachment A, 4	Met with FCC staff to agree on the format of the carrier-to-carrier performance measurement reports.	08/29/00	8/17/00
5	9	Implemented additional performance measures with respect to line sharing, within 90 days if the Chief of the Common Carrier Bureau accepts proposed measure in writing.	Based on CCB approval (approval + 90 days)	11/24/00
5	17	Made available two full months of performance data for former GTE and former Bell Atlantic across all measures (PR-3 and NP-2 for former GTE were not required at that time).	10/02/00	10/02/00 (Including PR-3 and NP-2 for former GTE)
5	Attachment A, 1	Provided CLEC specific reports for those CLECs requesting individual reports.		Began providing to CLECs in October, provided 9/00 data in former BA territory for CLECs that had previously requested BA/NYNEX reports on 10/24/00 and placed CLEC specific 9/00 data results on website for CLECs operating in the former GTE territory

Condition	Paragraph	Milestone	Due Date	Date Completed
5	9, 17	Filed notice with FCC within 10 business days of implementation of additional line sharing performance measures.	based on CCB approval (implementation + 10 days)	12/8/00
5	17	Filed notice with the FCC 10 business days after achieving requirement of providing two months of performance measurements.	10/17/00	10/16/00
5	Attachment A, 13	Provided performance reports monthly for each required Verizon state for each of the 17 measurement categories available by 25 th day of following month. Provided individual CLEC reports.	10/25/00 then monthly	10/25/00 11/24/00 12/22/00 1/25/01
5	17.b	Made available two months of performance data for PR-3 and NP-2 for former GTE.	11/27/00	10/02/00
5	17	Filed notice 10 business days after achieving requirement of providing two months of PR-3 and NP-2 data for former GTE.	12/11/00	10/16/00
5	Attachment A-2.a, fn. 10 and Attachment A-2.b, fn. 21	Propose to the Common Carrier Bureau flow through measures and flow through performance standards.	12/27/00	12/19/00
5	Attachment A, 4 & 10.b	Verizon and Chief of Common Carrier Bureau shall jointly review performance measurements on semi-annual basis. (Schedule not specified)	semi-annually	12/19/00
5	Attachment A, 4	Verizon shall implement performance measurement changes adopted by the Common Carrier Bureau on schedule required by CCB.	as agreed to by CCB and Verizon following semi annual review	NA in 2000
5	Attachment A, 1	A single website will be phased in and made available within 6 months after merger close for all reports.	12/27/00	12/25/00

3.2 Methods and Procedures

A work plan has been developed in conjunction with the Merger Compliance organization to capture the merger requirements listed in Condition 5 and Attachment A of the Merger Order. A review process is conducted on a regular weekly basis with

various levels of management up to and including senior management. Status and issues are documented, tracked and monitored to enable appropriate action to be taken to meet commitments in a timely manner. Any changes to the metric calculation process are documented and tracked.

3.3 Training

The Responsible Executive and the appropriate functional staff were trained on the implications of the Merger Conditions and the resulting requirements for performance metrics. In addition, the data providers were instructed on their responsibilities for data provisioning and the change control process and follow-up sessions were performed.

Training Table

Condition	Target Audience	Training Content	Date Completed
5	Responsible Executive and staff	Merger Requirements	8/00
5	Data Providers	Data Provisioning Responsibilities, Change Control Process and Data Base	5/31/00 6/19/00 8/00 9/00 10/00

3.4 Internal Controls

In addition to the corporate internal control environment described in the Introduction section of this report, a formal change control process has been implemented by Verizon. A change control request must be submitted and approved for a change to be made to the metrics calculation process. Approved change control requests are scheduled for implementation and closely project managed throughout the implementation process.

In addition, a Wholesale Quality Assurance Team (WQAT) focusing on the FCC Merger Order Metrics was formed in 2000. The WQAT purpose is to conduct regular reviews of the metrics to provide continuing accuracy. The WQAT performs initial and ongoing accuracy reviews. As the business continues to evolve, new metrics that are introduced will be subject to review by the WQAT. The WQAT performs its analysis consistent with the assurance steps described in the Wholesale Metrics Quality Assurance Plan (WMQA Plan). The purpose of the WMQA Plan is to employ systematic procedures to provide reasonable assurance of the accuracy of monthly results and compliance to the business rules for the wholesale metrics contained in the FCC Carrier to Carrier Performance Assurance Plan. The WMQA Plan addresses the accuracy of all of the reported performance measurement results.

Any issues associated with metric accuracy that are surfaced during the review process are brought to management's attention, investigated and corrective action is taken when required.

3.5 Documentation

Condition	Paragraph	Description of Document
5	Attachment A, ¶ 4	Documentation of meeting with FCC staff to agree on the format of the performance measurement reports
5	17	Notice provided to Secretary of FCC to communicate that Verizon had proposed additional performance measurement for line sharing
5	9	Letter from FCC accepting the two additional line-sharing measurements proposed by Verizon
5	17.a	July and August performance measurement results, included in the initial filing was PR-3 and NP-2 for the former GTE states.
5	17	Notice provided to Secretary of FCC to communicate that Verizon provided two months of performance data and included PR-3 and NP-2 for the former GTE states in the initial filing
5	Attachment A-2.a, fn. 10 and Attachment A-2.b, fn. 21 and Attachment A, 4 and 10.b	Documentation of semi-annual review meeting with FCC Staff, including flow through metric proposal
5	16, A-1, A-1.a, A-1.b	September performance measurement results filed with FCC
5	16 A-1, A-1.a, A-1.b	October performance measurement results filed with FCC
5	16, A-1, A-1.a, A-1.b	November performance measurement results filed with FCC
5	16, A-1, A-1.a, A-1.b	December performance measurement results filed with FCC

Section 4: Additional Action Taken

Controls were in place to provide reasonable assurance that the requirements of this Merger Condition were satisfied. Issues with particular metrics were communicated to the Common Carrier Bureau each month, as they were detected. Known issues were also documented in the transmittal letters to the Common Carrier Bureau with each monthly report filing. These issues are being resolved as timely as possible.

Condition Number: 6

Condition Name: Uniform and Enhanced OSS and Advanced Services OSS

Section 1: Summary

Condition 6 required Verizon to develop and distribute to CLECs within 90 days after the Merger Closing Date (MCD), a plan (the "Plan of Record" or "POR") to implement uniform, electronic OSS interfaces and business rules, including pre-ordering, ordering, provisioning, maintenance/repair and billing of resold services and UNEs that meet the requirements of 47 U.S.C. §251(c)(3) within Bell Atlantic service areas and separately within GTE service areas. (¶18) The Plan was required to address the following:

1. Assessment of Bell Atlantic's and GTE's existing interfaces and business rules, and plans for developing and deploying uniform application-to-application interfaces and business rules for OSS within Bell Atlantic service areas and separately within GTE service areas. (¶ 19.a)
2. Report on existing commitments related to interfaces and business rules, including any outstanding scheduled changes resulting from collaborative proceedings. (¶19.b)
3. Specify OSS interface or business rule uniformity issues for the Bell Atlantic service areas and separately for the GTE service areas that have not been addressed in prior collaborative proceedings, and specify collaborative process and schedule to address. (¶19.a)
4. Plans for developing and deploying Uniform Transport & Security Protocols, but not business rules, across Bell Atlantic and GTE services areas. (¶19.c)
5. Plans for developing and providing to CLECs the pre-order, ordering, and maintenance/repair functions specified in Attachment B-1 to the Conditions, and the application-to-application ordering capability for the products specified in Attachment B-2 to the Conditions. (¶ 19.d)

Condition 6 also required Verizon to conduct collaborative sessions to resolve CLEC concerns with the POR and to then implement changes to OSS interfaces and business rules in accordance with the POR within 2 years after completion of the collaborative sessions.

Separately, Condition 6 required that within 5 years after MCD, Verizon implement uniform, electronic OSS interfaces and business rules for pre-ordering, ordering, provisioning, maintenance/repair and billing of resold services and UNEs that meet the requirements of 47 U.S.C. §251(c)(3) between the Bell Atlantic and GTE service areas in Pennsylvania and Virginia, in accordance with the milestones set out in the Condition.

To address change management process issues, Condition 6 required that, within 12 months after MCD, Verizon adopt in each Bell Atlantic and GTE state the current Bell Atlantic change management process, originally created in the New York Proceeding, subject to any necessary state approvals.

Condition 6 also required that Verizon: (i) offer for 30 months after MCD to develop and deploy in the Bell Atlantic and GTE service areas an Electronic Bonding Interface that supports maintenance and repair of resold local services and UNEs that meet the requirements of 47 U.S.C. §251(c)(3), if the requesting carrier enters into a written contract; and (ii) beginning 30 days after the Merger Closing Date, Verizon make available a 25% discount on the recurring and non-recurring charges for new installations of qualifying loops and on the recurring charges for qualifying loops in service that otherwise would be applicable on unbundled local loops used to provide advanced services. Verizon may provide promotional discounts through credits, true-ups, or other billing mechanisms that are applied within 60 days of initial billing for the service.

Commitments for this Condition in 2000 were met as specified below. Billing errors are described in Section 4: Additional Action Taken.

Section 2: Responsible Executives

Name	Title
Joseph Castellano	Chief Information Officer – Information Technology
Kathleen Hishinuma (discount only)	Senior Vice President – Wholesale Marketing

Section 3: Implementation of Condition

3.1 Compliance

Uniform and Enhanced OSS

To perform the assessment of Bell Atlantic's and GTE's existing interfaces and business rules, and to prepare plans to develop and deploy uniform application-to-application interfaces and business rules for OSS within Bell Atlantic service areas and separately within GTE service areas, Verizon created a number of sub-teams. These sub-teams were responsible for the assessment of the existing business rules and interfaces related to pre-order, order, maintenance/repair, billing and transport and security protocols and for drafting the appropriate sections of the Plan of Record (POR).

The Plan of Record addresses the Present Method of Operation and the Future Method of Operation (FMO) for Pre-Ordering, Ordering, Maintenance and Repair, and Billing. The Plan of Record also addresses how Verizon will implement uniform transport and security protocols, but not business rules, across the merged Bell Atlantic/GTE Service Areas. The initial Plan of Record was provided to the FCC and the CLECs on September 28, 2000. A revised Plan of Record, reflecting input from the POR collaboratives was provided on December 22, 2000, to the FCC and the participating CLECs.

In addition, Verizon and the CLECs completed the collaborative process specified in the Merger Order and the Plan of Record. The collaborative workshops to address OSS Interfaces and business rule uniformity started on October 3, 2000, and were completed on December 22, 2000. During this time period, additional workshops and conference calls were held to provide all parties an opportunity to comment on and assist with refining the Plan of Record. On December 22, 2000, Verizon issued a revised Plan of Record reflecting areas of agreement resulting from these discussions. In addition, Verizon requested written concurrence on the revised Plan from the 70 CLECs participating in the collaborative workshops. Verizon received one written agreement and two letters containing allegations that the revised Plan was insufficient. Sixty-seven CLECs provided no comments on the revised Plan and they did not sign the written concurrence request; these CLECs have no articulated problems with the revised Plan. For areas of disagreement, Verizon is utilizing the change management process (CMP) described below to facilitate further discussions with the CLECs.²

A common Verizon change management document, based on the current Bell Atlantic change management process (originally developed as part of the New York Proceeding³), was created through a series of numerous CLEC/Verizon sessions. This document was titled, The Wholesale Network Service OSS Interface Change Management Process (proposed CMP), and with the exception of issues surrounding "versioning" of Local Service Order Guidelines (LSOG) releases, represented consensus between Verizon and those CLECs participating in the CMP negotiations as of the end of December 2000. The change management process defines the documented process that Verizon and the CLECs follow to facilitate communication about OSS changes, new interfaces and retirement of old interfaces, as well as the implementation timeframes. The Wholesale Network Service OSS Interface Change Management Process was filed in California on December 22, 2000, in Hawaii on December 21, 2000, and a notice of the California filing was filed with the Indiana Utility Regulatory Commission on December 27, 2000. These three states are the only states that required filings and state approvals of the proposed change management process.⁴

² During the collaborative workshops, CLECs requested enhancements to the OSS interfaces which Verizon viewed as outside the scope of the Plan of Record. Although CLECs and Verizon "agreed to disagree" on whether these changes should be included in or excluded from the POR, Verizon has agreed to undertake a number of these changes and enhancements independent of POR obligations. On December 22, 2000, Verizon provided to the FCC and CLECs an "Additional Commitments" document reflecting the commitments that Verizon agreed to address, albeit outside the Plan of Record.

³ Petition of New York Telephone Company for Approval of its Statement of Generally Available Terms and Conditions Pursuant to Section 252 of the Telecommunications Act of 1996 and Draft Filing of Petition for InterLATA Entry Pursuant to Section 271 of the Telecommunications Act of 1996, Case 97-C-0271 proceeding before the New York Public Service Commission ("New York Proceeding").

⁴ Four CLECs joined together to file a response in California and one CLEC filed a response in Hawaii in opposition to Verizon's motion requesting commission approval of the proposed CMP. Verizon is continuing to negotiate with the CLECs in an attempt to resolve their concerns surrounding Versioning and both Commissions await the outcome of these discussions before ruling on the proposed CMP.

On July 17, 2000, a notice, for the former GTE service area, was provided to CLECs offering to develop and deploy an electronic bonding interface (EBI) that supports maintenance and repair of resold local services and UNEs that meet the requirements of 47 U.S.C. §251(c)(3) within 12 months of an executed contract. In the former Bell Atlantic service area, EBI interfaces had already been offered to CLECs prior to merger close. No CLECs have requested enhancements to EBI since MCD.

Verizon has analyzed the existing OSS business rules and interfaces used in the former Bell Atlantic and GTE Service Areas in Pennsylvania and Virginia to determine the most efficient and effective way to implement the merger order requirement for uniform OSS interfaces and business rules within the former Bell Atlantic/GTE service areas in these states. A cross-functional team is currently developing detailed implementation plans to meet the conversion schedule of "Obligated Access Lines" as listed in the Merger Conditions.

No voluntary payments were required because Verizon satisfied the required commitments for this Condition in 2000.

Advanced Services Discount

Each Verizon ILEC's website contained detailed information on the Advanced Services Loop discount as well as the other promotional discount offers and the website served as the primary form of CLEC notification. In addition, CLECs doing business with Verizon were sent an U.S. Postal Service direct mailing with the same information. Verizon also sent an email with the same language to CLECs that subscribe to email notification. Verizon did not require the CLECs to file a request in order to receive the discount. The discount was automatically applied to qualifying lines unless a CLEC opted to not receive the discount. As of December 31, 2000, one CLEC has opted-out of the discounts. Verizon has procedures in place so that the discounts are not applied to this CLEC account.

New CLECs in Verizon's territory can identify the limited duration promotions on the Pricing Template page of the Verizon standard contract. New CLECs are also referred to Verizon's wholesale website to learn how to do business with Verizon. That website contains links to descriptions of the merger discounts.

Verizon implemented the required billing changes and established internal controls to monitor and implement the discount. Bill verification procedures were used to test the accuracy of the discounts applied. In a few instances billing adjustments or corrections are applied manually or retroactively.

Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
6	18	Submitted OSS Plan of Record addressing pre-order, order, maintenance/repair, billing and transport and security protocols as required by paragraph 19.	9/28/00	9/28/00
6	19.b	Completed collaboratives as specified in the Plan of Record. The collaboratives addressed remaining OSS interface or business rule uniformity issues and were completed within 90 days after the submission of the Plan of Record.	12/27/00	12/22/00
6	20	Filed for any necessary state approvals for the adoption of the proposed Verizon change management process within 180 days of merger close.	12/27/00	CA 12/22/00 HI 12/21/00 IN Notice 12/27/00 (IN will be filed upon CA approval)
6	22	Offered to develop and deploy EBI for maintenance/repair of resold local services and UNEs within 12 months of written agreement with requesting telecommunications carriers. The offer includes a provision to provide for a refund where an enhancement becomes an industry standard within 12 months of deployment.	7/17/00	7/17/00
6	25	Began offering 25% discounts for unbundled local loops sold by ILEC used by other carriers to provide Advanced Services (until electronic pre-ordering and ordering OSS interface for Advanced Services available and used for 75% of Advanced Services affiliate activity and affidavits filed with Common Carrier Bureau).	7/30/00	7/30/00
6	25.b	Established capability to receive quarterly certifications from unaffiliated providers of Advanced Services that obtain OSS discounts on unbundled loops.	(not specified)	8/12/00

3.2 Methods and Procedures

Verizon has employed methods and procedures that currently exist within its organization while implementing the requirements of this Merger Condition. In addition, several new methods and procedures were developed and deployed to enable Verizon to meet and continue to meet the requirements of the Bell Atlantic/GTE Merger Order.

Examples of these new methods and procedures are bill verification procedures for the merger condition discounts and new CLEC certification procedures.

Methods and Procedures Table

Condition	Paragraph	Procedure	Date Completed
6	25	Verizon- (former GTE) system requirements documentation for billing implementation	No systems requirements documentation required. Utilized current system capability. Table transmittal 10/5/00 with effective date 10/20/00
6	25	Verizon- (former Bell Atlantic) system requirements documentation for billing implementation	Manual billing procedures complete 10/1/00. Mechanized Solution initiated 7/12/00 - implemented between 7/12/00 and 1/30/01. Systems documentation was completed approximately 7/21/00
6	25	Verizon- (former Bell Atlantic) bill verification procedures	10/1/00
6	25	Verizon-(former GTE) bill verification procedures	9/27/00
6	25	CLEC certification procedures	8/12/00

3.3 Training

FCC 6 Merger Condition training was made available to Wholesale Segment employees. Face to face training and conference calls were the primary forum.

Training was provided to the Verizon Wholesale Systems Development Organization. The training covered Condition 6, conveyed the impact to the organization and the consequences for non-compliance. Part of the standard system development process is to document and provide training (when required) on the new functionality being

developed. Documentation and training is developed for both external and internal groups as necessitated by the functionality being developed. The documentation and training requirements are being identified and included in the detailed work plans for the implementation of each OSS enhancement listed in the Plan of Record.

In addition to the above training, bill verification training was provided to the affected personnel. Additional training for implementation of the system requirements for the billing of the discounts was not required, as this is a standard function within Verizon.

3.4 Internal Controls

In addition to the corporate internal control described in the Introduction section of this Report, additional controls and tools have been designed and implemented specifically to assess compliance with this Condition.

A Program Management structure for implementing the requirements under the compliance area of uniform and enhanced OSS and advanced services OSS was established. The Program Management office is led by an overall Program Manager and is organized as eight major sub-groups. In addition, the Program Management Office identifies and tracks any Information Technology requirements associated with the Merger Conditions.

The sub-groups include:

- Overall OSS Plan Development;
- OSS Collaborative Process;
- Uniform Transport and Security Protocols;
- Existing Interfaces and Business Rules;
- Implementation of a Common Change Management and Testing Process;
- Implementation of Uniform OSS in Pennsylvania and Virginia;
- Payments and Required Discounts; and
- EBI for Maintenance and Repair.

Each sub-group developed and is executing a project plan, including assigning roles and responsibilities, identifying and resolving or escalating issues, performing a quality review of deliverables and participating in the change control process, when necessary. The overall program management team is composed of each sub-group leader and other critical business unit representatives. The team is chaired by the overall Program Manager who reports directly to the Compliance Manager and Responsible Executive. The Program Management team and each sub-group meet monthly, weekly or more frequently, as needed. Reviews are conducted regularly by the Program Manager with the Compliance Manager and with the Responsible Executive. As part of this Program Management structure, key milestones and deliverables are discussed. Tracking is used to monitor time frames for meeting each commitment and to identify situations where milestone dates are approaching.

In addition, the Program Management team and sub-groups have received training on the Merger Conditions. The team members have been provided with the compliance workshop material and a communications approach package. The communications approach document will serve as an orientation package for new employees and/or contractors working on the compliance plan.

Additional Internal Controls were established as shown below:

- Existing Billing Verification team and process to review discount application;
- Training for Operations Centers (Billing and Ordering/Provisioning, Account Teams);
- Existing pre- and post-production testing procedures;
- Existing mechanized billing methods and procedures supplemented with additional manual methods and procedures;
- Existing monitoring of compliance with billing organization's methods and procedures related to control, escalation, accuracy, completeness, timeliness and sufficiency; and
- OSS Internal Controls Handbook

3.5 Documentation

Condition	Paragraph	Description of Document
6	18	Plan of Record for Uniform OSS pursuant to Bell Atlantic/GTE Merger Conditions
6	20	State Commission filings for change management adoption approval. Verifications that necessary state approvals were filed
6	20	Indiana State Commission notice of California filing for change management adoption approval (IN will be filed upon CA approval.)
6	20	Verizon Wholesale Network Services OSS Interface Change Management Process
6	22	Offer to develop and deploy EBI for maintenance/repair of resold services and UNEs
6	25	Wholesale Merger Condition Training
6	25	List of Verizon (former Bell Atlantic) CLECs notified of FCC merger discount promotions via mail- primary notification was web posting
6	25	List of Verizon (former GTE) CLECs notified of FCC merger discount promotions via mail – primary notification was web posting
6	25	Documentation of Verizon (former GTE) billing tables being updated for application of 25% Advanced Services discount
6	25.b	Print outs of Verizon's (former Bell Atlantic) website, which demonstrates offer for Advanced Services Loop discount and the ability to get self-certification form on-line
6	25.b	Print outs of Verizon's (former GTE) website, which demonstrates offer for Advanced Services Loop discount and the ability to get self-certification form on-line
6	25	Merger Discounts - Bill Verification procedures

Condition	Paragraph	Description of Document
6	25	Merger Discounts - Bill Verification performed for October, November, December 2000
6	25	Verizon (former Bell Atlantic) Manual Billing procedures for Resale, UNE Loops, and Advanced Services Loops
6	25	Letters to State Commissions describing promotional discounts were sent to states by 8/11/00 - All Verizon States

Section 4: Additional Action Taken

Although the revised Plan of Record meets the requirements of Condition 6, Verizon continues to work with the two CLECs that have expressed their concerns, in writing, on the revised Plan. With regard to merger discounts, Verizon is developing a quality assurance plan to supplement the bill verification process, including root-cause analysis to further strengthen its controls for billing assurance of the merger discounts.

In the limited circumstances described below, Verizon provided an incorrect discount amount, or provided the discount credit beyond the 60-day requirement:

During the first Verizon internal audit of the bills, Verizon identified one exception in the manual discount process affecting the advanced services discount for 13 CLECs in New York and New England. The contingency plan using the Mechanized Accounts Payable organization was immediately put into action. Thirteen credit checks were issued and delivered via overnight carrier. A brief explanatory letter was included with the credit checks. The checks were sent to arrive within one to three days of the CLECs' October bills.

Twenty-eight CLECs in twelve states (California, Washington, Oregon, Virginia, Illinois, Indiana, Michigan, Pennsylvania, Wisconsin, Kentucky, Florida and Texas) were issued credits for an error discovered for August Cycle 1 bills only. Manual checks were delivered via overnight service to ensure arrival before the October Cycle 1 bills were released.

One CLEC in Maryland was credited because the Revenue Accounting Office failed to process an adjustment.

Condition Number: 7**Condition Name: OSS Assistance to Qualifying CLECs****Section 1: Summary**

Condition 7 requires Verizon to adopt measures to assist Qualifying CLECs in using Verizon OSS. Verizon is required to:

- within 90 days following merger close, make available one or more teams to assist Qualifying CLECs with OSS issues;
- OSS expert teams shall be available to provide further training and assistance to Qualifying CLECs at no additional cost for a minimum of 36 months following designation of the teams;
- jointly develop a plan to address specific OSS issues of concern to each CLEC;
- within 90 days following merger close, provide notice to Qualifying CLECs certificated and operating in Bell Atlantic and GTE Service Areas of the availability of the OSS expert teams;
- within 90 days following merger close, identify and discuss in one or more CLEC forums training and procedures that will be beneficial to the CLECs; and
- within 120 days following merger close, provide schedules for such training and procedures to qualifying CLECs.

Commitments for this Condition in 2000 were met as specified below.

Section 2: Responsible Executive

Name	Title
Virginia Ruesterholz	Senior Vice President – Wholesale Services

Section 3: Implementation of Condition**3.1 Compliance**

Verizon complied with the requirements of this Condition. Verizon adopted measures for assisting qualifying telecommunications carriers in using the Companies' OSS.

On August 23, 2000, for former Bell Atlantic service areas and on August 22, 2000, for former GTE service areas, Verizon sent letters to CLECs of record informing them of the Merger Condition and providing them with the opportunity to self-certify as a Qualifying CLEC. Responses to the letter were due by September 8, 2000, for former GTE and August 31, 2000, for former Bell Atlantic. As of December 31, 2000, 208 CLECs self-certified as Qualifying CLECs. Verizon has not disputed any CLEC self-certification. The self-certification process is an on-going one and Verizon has established a process to continue to inform CLECs of their ability to self-certify.

On September 26, 2000, the Company designated and made available OSS expert support teams. Verizon informed qualifying CLECs of the availability of further training and assistance from the OSS expert support teams, free of charge, through website updates, invitations to CLEC forums, and at the individual CLEC forums. In addition, Verizon informed new entrants of the availability of the OSS expert support teams by a formal letter sent through U.S. Postal Service. As of December 31, 2000, the Verizon OSS Expert Support Team consists of 19 management employees and has the potential to grow based upon demand. In addition, Verizon initiated an internal process to jointly develop with the CLECs an assessment of their needs for training. The needs assessment will be used to develop training to meet the needs of the self-certifying CLECs.

Verizon notified CLECs via email and U.S. Postal Service direct mailing of multiple training forums to be held to discuss training and procedures that would be beneficial to qualifying telecommunications carriers. The forums were held across the country so that CLECs had an opportunity to attend. The following forums were held: Thousand Oaks, CA., August 30-31, 2000, Tampa, FL., September 14-15, 2000, Irving, TX., September 19-20, 2000, and Arlington, VA., September 26, 2000. The forums provided an overview of and discussed the availability of OSS expert teams and training for electronic interfaces for pre-order, order, repair and billing performance measures. In addition, topics such as Local Service Request (LSR) process overview, directories, E911, loop qualification, CLEC local ordering support desk and the CLEC support websites were covered. Verizon compiled the data obtained at these forums, assessed the needs of the Qualifying CLECs, and developed a program, which includes a variety of training tools. Verizon continues to compile the data obtained, assessing the needs of the Qualifying CLECs, and is developing programs which include various training tools based on the needs identified. A notice providing the scheduled training, forums, workshops and self-paced training information was communicated to Qualified CLECs via email on October 29, 2000.

Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
7	27.a	Provided CLECs with opportunity to self-certify as a Qualifying CLEC.	9/28/00	8/31/00 (former Bell Atlantic) 9/8/00 (former GTE) Verizon continues to accept self certifications from CLECs
7	26.b	Designated and made available OSS expert team(s).	9/28/00	9/26/00
7	26.b	Provided notice of OSS expert team(s) availability to qualifying CLECs.	9/28/00	9/27/00

Condition	Paragraph	Milestone	Due Date	Date Completed
7	26.b	Work with Qualifying CLECs to jointly develop a plan to address OSS concerns of each CLEC.	From 9/28/00 and ongoing	From 9/28/00 and ongoing
7	26.c	Identified and discussed in one or more CLEC forums training programs and procedures that would be beneficial to qualifying CLECs.	9/28/00	08/30-31/00 9/14-15/00 9/19-20/00 9/26/00
7	26.c	Provided schedules for such training and procedures to qualifying CLECs.	10/30/00	10/29/00

3.2 Methods and Procedures

An internal "New Entrant" Process for Self-Certification has been developed and implemented to provide Wholesale Services organization compliance.

3.3 Training

The Wholesale Services organization provided internal training and development to employees as part of the "New Entrant" process implementation in addition to ongoing employee development and functional training.

3.4 Internal Controls

In addition to the corporate internal control environment described in the Introduction section of this Report, the following additional controls and tools have been designed specifically to assess compliance with this Condition.

- Responsible Executive and appropriate functional staff have been educated on the requirements.
- Responsible Executive has established functional Compliance organization to effectively project manage plan objectives and requirements.
- Documentation of mailing lists, attendance sheets, responses and follow-ups were maintained for future reference.

3.5 Documentation

Condition	Paragraph	Description of Document
7	26.a	Letter to CLECs, mail distribution list of CLECs, and mailing service invoice regarding ability to self-certify
7	26.a and 26.b	Welcome and Introduction package sent to CLECs. Package tells of existence of team and availability (former GTE Service Areas)
7	26.b	Notice provided to CLECs for training and procedures seminar on website (former GTE Service Areas)

Condition	Paragraph	Description of Document
7	26.b	Letters, emails, and web postings notifying the CLECs of the availability of system support teams including distribution lists (former GTE Service Areas)
7	26.b and 26.c	CLEC Meeting Procedure Process, Confirmation of Meeting Letter, Follow-up Letter (post meeting), Roster of meeting attendance, Actual presentation. (former GTE Service Areas)
7	26.b	CLEC needs assessment for BA Service Areas and GTE Service Areas.
7	26.c	List of CLECs, which attended the 9/26/00 CLEC forum for training: procedures for qualifying CLECs (former BA Service Areas)
7	26.c	Transcripts of CLEC forum held 9/26/00 (former BA Service Areas).
7	26.c	Agenda: talking points for 9/26/00 CLEC forum (former BA Service Areas)
7	26.c	List of attendees for CLEC forums held in CA
7	26.c	Handout booklet given to each attendee of system support team seminar. (former GTE Service Areas)
7	26.c	Communication to CLECs of available wholesale training

Section 4: Additional Action Taken

None